



Author: Christian Els
Editor: Nils Carstensen
Design: Anne Mousten
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Contact: info@local2global.info
www.local2global.info

Funding to local and national humanitarian responders:

Can Grand Bargain signatories reach the 25% target by 2020?

Executive Summary

By 2017, 53 governments and international agencies had agreed on the Grand Bargain (GB) as an important outcome from the 2016, World Humanitarian Summit (WHS). A central commitment in the GB was to “*achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible.*”

Since then, there has been an, at times, intense debate about this commitment but relatively little new quantitative analysis presented. In this briefing note, Local2Global Protection (L2GP) provides a **first global estimate** of how much funding GB signatory governments have channelled to local and national responders either directly or through one intermediary in 2015 – the year before their WHS and GB commitments. The report also provides a first forecast of the annual increases in funding to local actors required to meet the 25% target by 2020.

Out of an estimated total of \$16 billion global humanitarian funding from GB governments, their direct funding to local and national NGOs and Red Cross/Crescents societies amounted to less than \$18 million in 2015. Local and national governments in countries affected by crises received \$48 million in direct humanitarian funding from GB governments. In total, all local and national responders received **less than 0.5%** of the known total humanitarian funding from GB signatories directly (without any intermediary).

In contrast, a much larger amount of funding to local responders was channelled from GB governments through a range of international aid organisations (UN, INGOs and the international Red Cross/Crescent organisations) before it

reached local actors. Based on primary data collection (covering 50% of the funding) and imputations based on collected data and existing data sets¹, funding of local responders through one intermediary (international organisations) is estimated to be 11% of the total GB governments’ funding in 2015. In addition, GB donors channelled 4% of their overall funding to the UN-led Country Based Pooled Funds (CBPF), of which less than 20% was channelled on to local and national responders. In other words, 0.6% of GB donors’ funding was allocated to national responders through the CBPFs.

Adding up both direct and indirect (through one intermediary only) funding, L2GP estimates that in 2015, a total of **12% of the GB governments’ funding was allocated to local and national humanitarian responders.**

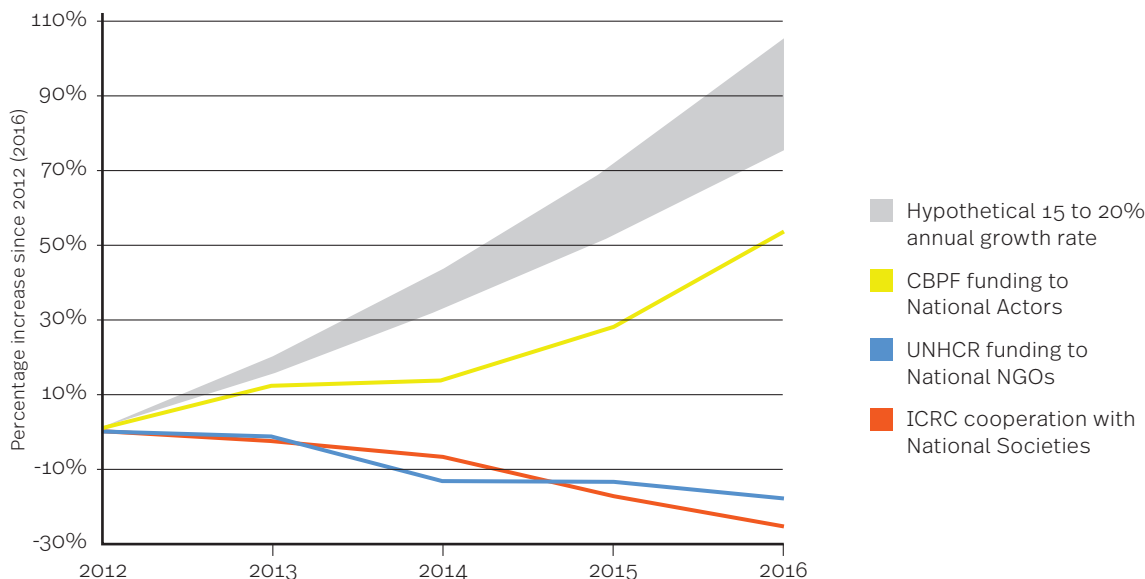
The numbers above are only first estimates, and may have to be adjusted as more data becomes available. Still, they do allow for a preliminary analysis of how much funding needs to be increased in order to meet the 25% commitment. To reach this, GB governments, and the international aid organisations they work through, will collectively **need to increase their funding to local and national actors by at least 15-20% every single year until 2020** (Figure 1) if both direct and indirect (one intermediary only) funding is considered.²

Doable as this may sound, existing data on previous growth rates of funding to local responders indicates that such an annual increase will be a major challenge for the humanitarian system. In fact, data from UNHCR and ICRC suggest that their funding to national NGOs and National Red Cross/Crescent societies decreased from 2012 to 2016. While the

CBPFs have increased funding to local actors, the average growth between 2012 and 2016 is below the growth rates

required from the humanitarian system as a whole in order to meet the global, aggregated 25% target by 2020.

Figure 1. Actual vs. hypothetical increase of funding to local actors. Shows increase or decrease of funding flows to local actors for UNHCR, ICRC and CBPF based on 2012 levels compared to the 15 to 20% growth rate required from 2016-2020 to reach the 25% GB target. Source: UNHCR, OCHA, ICRC and L2GP calculations



If only direct funding is considered for the 25% target, it will require a much bigger collective increase of such funding to local responders: from \$66 million to \$4 billion over just a few years. In other words - **a 170% annual increase** of funding to these actors in order to meet the 25% commitment by 2020.

Many GB governments have committed to increase their contributions to the CBPFs, which currently make up just 3% of their collective funding allocations. While CBPFs look set to increase funding to local actors from current levels, due to the small relative size of the CBPFs, only increasing this funding channel will not allow GB signatories to reach the global 25% target - even if the CBPFs allocated 100% of their received funds to national NGOs. **A system-wide approach to increase funding to local responders by 15-20% will be required, including increasing direct funding, funding through pooled funds – and ensuring that international aid organisations, including UN agencies, allocate significantly more of their funding from GB donors to local and national partners.**

Finally, the briefing note alerts all stakeholders to the fact that a number of on-going discussions and disagreements over technicalities and definitions risk delaying and ultimately diluting the intentions of this GB commitment. One major drawback of setting concrete quantitative targets in policymaking can be illustrated by a well-known adage in economics - Goodhart's law - "when a feature of the economy is picked as an indicator of the economy, then it inexorably ceases to function as that indicator because people start to game it."³ Some of the current discussions about what

constitutes a local or national responder or the argument made that in-kind transfers to local responders (for instance food) should be included in the understanding of what is "as-directly-as-possible" may, depending on the point of view, be seen as legitimate concerns – or examples of such "gaming" by stakeholders with particular interests.

In the context of such debates, it should be noted that a previous L2GP briefing note⁴ indicates that considering in-kind transfers as "funding" would practically render the 25% GB target irrelevant as several UN agencies already in 2014 allocated more than 25% of their humanitarian expenditures to local actors if in-kind transfers were defined as "funding".

Given the challenges ahead, with just a few years left until 2020 and signatories still arguing about definitions of individual words in the commitment, it would appear important for all GB signatories to resolve such disagreements as swiftly as possible. And to do that in a manner which is in keeping with the spirit, intent and original wording of the Grand Bargain commitment: *"Achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transactional costs"*.

1. Data for 54% of the UN agencies, 23% of the INGOs and 88% of the Red Cross/Crescent organisations could be collected. For unknown data, data was imputed based on average values of the data collection and CERF data on sub-grants to implementing partners.
2. The lower level of this range assumes that imputed funding flows underestimate the actual level by more than one third.
3. Mario Biagoli: "Watch out for cheats in citation game", Nature 2016, <http://www.nature.com/news/watch-out-for-cheats-in-citation-game-1.20246>
4. See Christian Els: "Funding to local responders: cash grants vs in-kind", L2GP 2016, www.local2global.info/area-studies/funding-to-local-responders-cash-grants-vs-in-kind